



**Request for City Council Committee Action
From the Department of Public Works**

Date: April 22, 2003

To: Honorable Sandra Colvin Roy, Chair Transportation and Public Works
Committee

**Subject: Amendment to Purchase Agreement with the American Indian Center
for the sale of 1530 East Franklin Avenue**

Recommendation: That your committee directs appropriate staff to execute an amendment to the Purchase Agreement between the City and American Indian Center to reflect new terms associated with building improvements.

Previous Directives:

- August 9, 2002 - City Council authorized the sale of the City owned property at 1530 Franklin Avenue East to the Minneapolis American Indian Center, Inc. at a price of \$1.00
- 1999 Approved Budget footnote "Y": The funding of GM12a and Gm12b are conditioned upon having a signed agreement addressing the transfer of title.

Prepared or Submitted by: Heidi Hamilton, Engineer III, 673-3439

Approved: Klara Fabry, City Engineer, Director of Public Works

By: Steve Kotke, P.E., Director of Property and Equipment Services
Presenters in Committee: Steve Kotke

<p>Financial Impact (Check those that apply)</p> <p><input checked="" type="checkbox"/> No financial impact (If checked, go directly to Background/Supporting Information)</p> <p><input type="checkbox"/> Action requires an appropriation increase to the Capital Budget</p> <p><input type="checkbox"/> Action requires an appropriation increase to the Operating Budget</p> <p><input type="checkbox"/> Action provides increased revenue for appropriation increase</p> <p><input type="checkbox"/> Action requires use of contingency or reserves</p> <p><input type="checkbox"/> Other financial impact (Explain):</p> <p><input type="checkbox"/> Request provided to the Budget Office when provided to the Committee</p> <p>Coordinator</p>

Background/Supporting Information

The City has entered into a purchase agreement to sell 1530 Franklin Avenue East to the American Indian Center, Inc. ("AIC"). This purchase agreement includes specifications regarding improvements to the building that will be completed by the City prior to the sale. The improvements were authorized and \$520,000 in funding appropriated in 1999 for this project.

The existing purchase agreement includes a commitment by the City to make improvements to the building, specifies the maximum cost of the improvements that will be made, and identifies the priority of items that will be included in the improvements. The project was bid in March 2003 consistent with the priorities indicated in the purchase agreement. All bids came in significantly over budget. Therefore, the project must be bid again with a reduced scope that will fit the budget. The reduced scope is no longer consistent with the priorities identified in the purchase agreement.

The AIC and their architect have revised the scope of the project and indicated the new priorities. An amendment to the purchase agreement is needed to reflect the new project. The revisions will not impact the total cost of the project or any other terms of the sale.

cc: Nikki Newman, MCDA Attorney